

**TOWN OF CROSSFIELD  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2019**



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FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of Council:

#### *Opinion*

We have audited the financial statements of the Town of Crossfield, which comprise of the statement of financial position as at, December 31, 2019 and the results of its operations and changes in its net financial assets and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Town of Crossfield as at December 31, 2019, the results of its operations, changes in net financial assets and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town of Crossfield in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Town's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town's financial reporting process.

#### *Auditor's Responsibility for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of the users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:







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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However future events or conditions may cause the Town to cease to continue to be a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other things, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during the audit.

*Report on Other Legal and Regulatory Requirements*

- Debt Limit Regulation: In accordance with Alberta Regulation 255/2000, we confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Town's debt limit can be found in Note 9.
- Supplementary Accounting Principles and Standards Regulation: In accordance with Alberta Regulation 313/2000, we confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 1.

**HANNA, ALBERTA**  
**APRIL 20, 2020**

  
**CHARTERED PROFESSIONAL ACCOUNTANTS**





**TOWN OF CROSSFIELD**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b> <b>(Restated)</b>
<hr/>		
<b>FINANCIAL ASSETS</b>		
Cash (Note 2)	\$ 10,095,211	\$ 6,071,777
Receivables		
Taxes and grants in place of taxes (Note 3)	326,814	294,224
Trade and other receivables	588,353	788,845
Receivables from other governments	1,570,663	768,560
Investments (Note 4)		10
Loans receivable (Note 5)	<u>791,857</u>	<u>1,884,000</u>
	<u>13,372,898</u>	<u>9,807,416</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	1,219,002	990,848
Payable to other governments	33,065	63,436
Deposit liabilities (Note 6)	225,426	467,101
Deferred revenue (Note 7)	1,132,173	533,482
Long-term debt (Note 8)	<u>8,937,096</u>	<u>4,325,950</u>
	<u>11,546,762</u>	<u>6,380,817</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,826,136</u>	<u>3,426,599</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	42,295,782	37,628,384
Prepaid expenses	<u>220,105</u>	<u>180,150</u>
	<u>42,515,887</u>	<u>37,808,534</u>
<b>ACCUMULATED SURPLUS</b>	<u>\$ 44,342,023</u>	<u>\$ 41,235,133</u>
<p style="text-align: right;"><b>COMMITMENTS (SEE NOTE 16)</b>  <b>CONTINGENCIES (SEE NOTE 17)</b>  <b>SUBSEQUENT EVENTS (SEE NOTE 20)</b></p>		





**TOWN OF CROSSFIELD**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget (Unaudited)	2019	2018 (Restated)
<b>REVENUE</b>			
Net municipal taxes (Schedule 2)	\$ 3,318,416	\$ 3,532,661	\$ 3,279,599
User fees and sale of goods	2,853,800	3,137,995	5,906,722
Government transfers for operating (Schedule 3)	366,310	342,103	379,734
Investment income	203,340	242,980	113,443
Penalties and costs on taxes	131,730	127,248	142,173
Transfers from local boards and agencies	2,240	2,900	6,236
Licenses and permits	58,940	98,101	144,886
Franchise and concession contracts	120,000	145,846	130,212
Gain on disposal of tangible capital assets		5,446	
Other	<u>15,420</u>	<u>29,082</u>	<u>136,876</u>
<b>Total Revenue</b>	<u>7,070,196</u>	<u>7,664,362</u>	<u>10,239,881</u>
<b>EXPENSES</b>			
Legislative	95,400	84,616	88,577
Administration	1,012,776	1,108,941	943,077
Protective services	1,129,290	1,102,967	915,925
Transportation	1,421,246	1,720,925	1,402,267
Water supply and distribution	1,297,640	1,446,238	1,419,366
Wastewater treatment and disposal	395,556	411,634	343,931
Waste management	443,231	476,313	397,996
Public health and welfare	87,632	95,877	93,539
Land use planning, zoning and development	149,980	138,775	130,986
Economic/agricultural development	369,110	271,939	356,161
Subdivision land and development	17,830	2,859	40,781
Parks and recreation	875,745	662,320	761,368
Culture	<u>247,470</u>	<u>218,634</u>	<u>232,372</u>
<b>Total Expenses</b>	<u>7,542,906</u>	<u>7,742,038</u>	<u>7,126,346</u>
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES - BEFORE OTHER</b>	(472,710)	(77,676)	3,113,535
Government transfers for capital (Schedule 3)		384,458	1,082,439
Contributed and donated assets		2,676,545	
Other capital revenues		17,557	34,763
Developers' agreements and levies		<u>106,006</u>	<u>557,128</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	(472,710)	3,106,890	4,787,865
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	<u>41,235,133</u>	<u>41,235,133</u>	<u>36,447,268</u>
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	<u>\$ 40,762,423</u>	<u>\$ 44,342,023</u>	<u>\$ 41,235,133</u>





**TOWN OF CROSSFIELD**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Budget (Unaudited)	2019	2018 (Restated)
<b>EXCESS (SHORTFALL) OF REVENUE OVER EXPENSES</b>			
	\$ (472,710)	\$ 3,106,890	\$ 4,787,865
Acquisition of tangible capital assets	(3,202,500)	(3,394,556)	(2,660,052)
Contributed and donated assets		(2,676,545)	
Proceeds on sale of tangible capital assets		51,030	976
Amortization of tangible capital assets	1,271,902	1,322,421	1,198,493
Loss on sale of tangible capital assets	<u>                    </u>	<u>30,252</u>	<u>2,183</u>
	<u>(1,930,598)</u>	<u>(4,667,398)</u>	<u>(1,458,400)</u>
Change in prepaid expenses	<u>                    </u>	<u>(39,955)</u>	<u>(113,210)</u>
<b>(INCREASE) DECREASE IN NET DEBT</b>	(2,403,308)	(1,600,463)	3,216,255
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>3,426,599</u>	<u>3,426,599</u>	<u>210,344</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u>\$ 1,023,291</u>	<u>\$ 1,826,136</u>	<u>\$ 3,426,599</u>





**TOWN OF CROSSFIELD**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<b>2019</b>	<b>2018</b> <b>(Restated)</b>
<hr/>		
<b>NET INFLOW(OUTFLOWS) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (shortfall) of revenues over expenses	\$ 3,106,890	\$ 4,787,865
Non-cash items included in excess(shortfall) of revenues over expenses:		
Amortization on tangible capital assets	1,322,421	1,198,493
Loss on sale of tangible capital assets	30,252	2,183
Tangible capital assets received as contributions	<u>(2,676,545)</u>	<u>5,988,541</u>
	1,783,018	
Changes in net financial asset(debt) items:		
Decrease(increase) in taxes and grants in place of taxes receivable	(32,590)	30,665
Decrease(increase) in trade and other receivables	(781,818)	88,067
Decrease(increase) in receivables from other governments	180,217	(226,794)
Decrease(increase) in land held for resale		23,439
Decrease(increase) in prepaid expenses	(39,955)	(113,210)
Decrease(increase) in loan receivable	1,092,143	(1,884,000)
Increase(decrease) in accounts payable and accrued liabilities	197,783	405,013
Increase(decrease) in deposit liabilities	(241,675)	(82,731)
Increase(decrease) in deferred revenue	<u>598,691</u>	<u>102,763</u>
Cash provided by (applied to) operating transactions	<u>2,755,814</u>	<u>4,331,753</u>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(3,394,556)	(2,660,052)
Proceeds on sale of tangible capital assets	<u>51,030</u>	<u>976</u>
Cash provided by (applied to) capital transactions	<u>(3,343,526)</u>	<u>(2,659,076)</u>
<b>FINANCING</b>		
Long term debt issued	5,000,000	
Long term debt repaid	<u>(388,854)</u>	<u>(288,268)</u>
Cash provided by (applied to) financing transactions	<u>4,611,146</u>	<u>(288,268)</u>
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	4,023,434	1,384,409
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>6,071,777</u>	<u>4,687,368</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 10,095,211</u>	<u>\$ 6,071,777</u>
<b>Cash and cash equivalents is made up of:</b>		
Cash (Note 2)	<u>\$ 10,095,211</u>	<u>\$ 6,071,777</u>



**TOWN OF CROSSFIELD**  
**SCHEDULE OF TANGIBLE CAPITAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 1**

	Construction in Progress	Land	Land Improvements	Buildings	Engineered Structures	Machinery & Equipment	Vehicles	2019	2018
<b>COST:</b>									
BALANCE, BEGINNING OF YEAR	\$ 398,588	\$ 3,035,592	\$ 2,199,547	\$ 7,389,528	\$ 37,739,719	\$ 5,685,460	\$ 1,681,558	\$ 58,129,992	\$ 55,555,799
Acquisition of tangible capital assets	(327,175)		27,843	58,559	4,923,291	329,829	36,838	5,049,185	2,581,847
Construction-in-progress	1,021,916							1,021,916	78,205
Disposal of tangible capital assets	(35,698)					(47,983)	(34,091)	(117,772)	(85,859)
BALANCE, END OF YEAR	<u>1,057,631</u>	<u>3,035,592</u>	<u>2,227,390</u>	<u>7,448,087</u>	<u>42,663,010</u>	<u>5,967,306</u>	<u>1,684,305</u>	<u>64,083,321</u>	<u>58,129,992</u>
<b>ACCUMULATED AMORTIZATION:</b>									
BALANCE, BEGINNING OF YEAR			1,151,609	1,631,415	14,719,103	2,175,969	823,512	20,501,608	19,385,815
Annual amortization			97,584	175,077	681,623	285,685	82,452	1,322,421	1,198,493
Accumulated amortization on disposal						(2,399)	(34,091)	(36,490)	(82,700)
BALANCE, END OF YEAR			<u>1,249,193</u>	<u>1,806,492</u>	<u>15,400,726</u>	<u>2,459,255</u>	<u>871,873</u>	<u>21,787,539</u>	<u>20,501,608</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<u>\$ 1,057,631</u>	<u>\$ 3,035,592</u>	<u>\$ 978,197</u>	<u>\$ 5,641,595</u>	<u>\$ 27,262,284</u>	<u>\$ 3,508,051</u>	<u>\$ 812,432</u>	<u>\$ 42,295,782</u>	<u>\$ 37,628,384</u>
2018 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	<u>\$ 398,588</u>	<u>\$ 3,035,592</u>	<u>\$ 1,047,938</u>	<u>\$ 5,758,113</u>	<u>\$ 23,020,616</u>	<u>\$ 3,509,491</u>	<u>\$ 858,046</u>	<u>\$ 37,628,384</u>	



**TOWN OF CROSSFIELD**  
**SCHEDULE OF PROPERTY AND OTHER TAXES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**Schedule 2**

	Budget (Unaudited)	2019	2018
<b>TAXATION</b>			
Real property taxes	\$ 5,039,576	\$ 5,190,114	\$ 4,901,181
Linear property taxes		68,570	65,905
Government grants in place of property taxes	<u>5,039,576</u>	<u>5,263,709</u>	<u>5,822</u>
		<u>4,972,908</u>	
<b>REQUISITIONS</b>			
Alberta School Foundation Fund	1,698,910	1,708,800	1,673,167
Rocky View Foundation	<u>22,250</u>	<u>22,248</u>	<u>20,142</u>
	<u>1,721,160</u>	<u>1,731,048</u>	<u>1,693,309</u>
<b>NET MUNICIPAL TAXES</b>	<u>\$ 3,318,416</u>	<u>\$ 3,532,661</u>	<u>\$ 3,279,599</u>

**SCHEDULE OF GOVERNMENT TRANSFERS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**Schedule 3**

	Budget (Unaudited)	2019	2018
<b>TRANSFERS FOR OPERATING</b>			
Provincial government	\$ 155,750	\$ 133,722	\$ 205,633
Federal government	4,900	8,400	4,896
Local governments	<u>205,660</u>	<u>199,981</u>	<u>169,205</u>
	<u>366,310</u>	<u>342,103</u>	<u>379,734</u>
<b>TRANSFERS FOR CAPITAL</b>			
Provincial government	<u>384,458</u>	<u>384,458</u>	<u>1,082,439</u>
	<u>384,458</u>	<u>384,458</u>	<u>1,082,439</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>\$ 366,310</u>	<u>\$ 726,561</u>	<u>\$ 1,462,173</u>





**TOWN OF CROSSFIELD**  
**SCHEDULE OF EXPENSES BY OBJECT**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 4**

	Budget (Unaudited)	2019	2018 (Restated)
<b>EXPENSES BY OBJECT</b>			
Salaries, wages and benefits	\$ 2,239,920	\$ 2,289,810	\$ 2,066,049
Contracted and general services	1,612,700	1,674,836	1,697,913
Materials, goods, supplies and utilities	2,062,860	1,824,006	1,782,908
Provision for allowances	2,930	96,972	14,892
Transfers to local boards and agencies	204,600	230,666	216,089
Bank charges and short term interest	7,330	16,387	15,291
Interest on capital long term debt	140,664	239,242	132,528
Amortization of tangible capital assets	1,271,902	1,322,421	1,198,493
Other expenses		12,000	
Loss on disposal of tangible capital assets		35,698	2,183
	<u>\$ 7,542,906</u>	<u>\$ 7,742,038</u>	<u>\$ 7,126,346</u>



**TOWN OF CROSSFIELD**  
**SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Schedule 5**

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2019	2018
<b>BALANCE, BEGINNING OF YEAR</b>	<b>\$ 103,057</b>	<b>\$ 7,829,642</b>	<b>\$ 33,302,434</b>	<b>\$ 41,235,133</b>	<b>\$ 36,447,268</b>
Excess of revenues over expenses	3,106,890			3,106,890	4,787,865
Unrestricted funds designated for future use	(106,007)	106,007			
Current year funds used for tangible capital assets	(3,394,556)		3,394,556		
Long term debt proceeds	5,000,000		(5,000,000)		
Contributed tangible capital assets	(2,676,545)		2,676,545		
Disposal of tangible capital assets	81,282		(81,282)		
Annual amortization expense	1,322,421		(1,322,421)		
Long term debt repaid	(388,854)		388,854		
Change in accumulated surplus	2,944,631	106,007	56,252	3,106,890	4,787,865
<b>BALANCE, END OF YEAR</b>	<b>\$ 3,047,688</b>	<b>\$ 7,935,649</b>	<b>\$ 33,358,686</b>	<b>\$ 44,342,023</b>	<b>\$ 41,235,133</b>





**TOWN OF CROSSFIELD**  
**SCHEDULE OF SEGMENTED DISCLOSURE**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**Schedule 6**

	General Government	Protective Services	Transportation Services	Water / Wastewater	Waste Management	Public Health & Welfare	Development & Planning	Recreation & Culture	Total
<b>REVENUE</b>									
Net municipal taxes	\$ 3,532,661	\$	\$	\$	\$	\$	\$	\$	\$ 3,532,661
User fees and sales of goods	19,174	179,791		2,134,722	426,311	15,081	108,490	254,426	3,137,995
Government transfers		181,792		369,878	60,768	72,284	27,259	14,580	726,561
Investment Income	242,980								242,980
Penalties	97,697			29,551					127,248
Franchise fees	145,846							2,900	145,846
Transfers from local boards		98,101							98,101
Licenses and permits			5,446						5,446
Gain on disposal		6,464	1,477,619	1,200,907		23	106,006	27,407	2,829,190
Other revenues	10,764								
	<u>4,049,122</u>	<u>466,148</u>	<u>1,483,065</u>	<u>3,735,058</u>	<u>487,079</u>	<u>87,388</u>	<u>241,755</u>	<u>299,313</u>	<u>10,848,928</u>
<b>EXPENSES</b>									
Salaries & wages	681,557	476,238	535,984	176,596		12,910	182,170	224,355	2,289,810
Contract & general services	325,122	289,869	86,174	219,043	466,824	10,422	152,772	124,610	1,674,836
Goods & supplies	63,024	126,450	416,747	921,611	648	7,554	47,529	240,443	1,824,006
Provision for allowance	20,141	71,534		5,297					96,972
Transfers to local boards						64,069	25,472	141,125	230,666
Bank charges and interest	10,757		35,698				5,630		16,387
Loss on sale of TCA			116,066	122,976				200	35,698
Long-term debt interest				12,000					239,242
Other expenses									12,000
	<u>1,100,601</u>	<u>964,091</u>	<u>1,190,669</u>	<u>1,457,523</u>	<u>467,472</u>	<u>94,955</u>	<u>413,573</u>	<u>730,733</u>	<u>6,419,617</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>2,948,521</u>	<u>(497,943)</u>	<u>292,396</u>	<u>2,277,535</u>	<u>19,607</u>	<u>(7,567)</u>	<u>(171,818)</u>	<u>(431,420)</u>	<u>4,429,311</u>
Amortization expense	<u>92,956</u>	<u>138,876</u>	<u>530,256</u>	<u>400,349</u>	<u>8,841</u>	<u>922</u>		<u>150,221</u>	<u>1,322,421</u>
<b>NET REVENUE</b>	<u>\$ 2,855,565</u>	<u>\$ (636,819)</u>	<u>\$ (237,860)</u>	<u>\$ 1,877,186</u>	<u>\$ 10,766</u>	<u>\$ (8,489)</u>	<u>\$ (171,818)</u>	<u>\$ (581,641)</u>	<u>\$ 3,106,890</u>



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Town of Crossfield are the representations of management prepared in accordance with Canadian public sector accounting standards. Significant aspects of the accounting policies adopted by the Town are as follows:

**a) Reporting Entity**

The financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the Town and are, therefore, accountable to the Town council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

**b) Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**c) Use of Estimates**

The preparation of financial statements in conformity with Public Sector Accounting Standards principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Significant financial statement areas requiring the use of management estimates include:

- Useful life of tangible capital assets;
- Accrued liabilities;
- Fair value of contributed tangible capital assets



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1.. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**d) Cash and Cash Equivalents**

Cash and cash equivalents are comprised of cash on deposits with financial institutions and highly liquid investments.

**e) Investments**

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

**f) Debt Charges Recoverable**

Debt charges recoverable consist of amounts that are recoverable from municipal agencies or other local governments with respect to outstanding debentures or other long-term debt pursuant to annexation orders or joint capital undertakings. These recoveries are recorded at a value that equals the offsetting portion of the un-matured long-term debt, less actuarial requirements for the retirement of any sinking fund debentures.

**g) Requisition Over-levy and Under-levy**

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

**h) Inventories for Resale**

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as tangible capital assets under the respective function.

**i) Prepaid Local Improvement Charges**

Construction and borrowing costs associated with local improvement projects are recovered through annual special assessments during the period of the related borrowings. These levies are collectable from property owners for work performed by the municipality.

Where a taxpayer has elected to prepay the outstanding local improvement charges, such amounts are recorded as deferred revenue. Deferred revenue is amortized to revenue on a straight line basis over the remaining term of the related borrowings.

In the event that the prepaid amounts are applied against the related borrowings, the deferred revenue is amortized to revenue by an amount equal to the debt repayment.





**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1.. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**j) Net Municipal Taxes**

Property tax revenue is based on market value assessments determined in accordance with the Municipal Government Act (MGA) and tax rates established annually by Town Council. Taxation revenues are recorded at the time the tax billings are issued. Assessments may change due to appeal or as a result of adjustments made by assessors to correct errors or omissions. Gain or losses on assessment changes or appeals are recorded as adjustments to tax revenue and receivables when a written decision is received from the authorized board or a change is generated by the authorized assessor.

**k) Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**l) Contributions**

Developer contributions received from third parties are recognized as revenue when the related expenditures have been incurred.

**m) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets (Debt) for the year.

**i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
Land improvements	10-25
Buildings	25-50
Engineering structures	
Water system	45-75
Wastewater system	45-75
Other engineered structures	10-75
Machinery and equipment	5-20
Vehicles	10-25

In the year of acquisition of a tangible capital asset, annual amortization is charged based on the number of months owned and in the year of disposal no amortization is charged. Assets under construction are not amortized until the asset is available for productive use.



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**1.. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**ii. Contributions of Tangible Capital Assets**

Tangible capital assets received as contributions such as privately developed subdivisions including water systems, sanitary systems, storm systems, and roads are recorded at fair value at the date of receipt. Equivalent amounts are recorded as revenue for the year on the Statement of Operations.

**iii. Leases**

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

**iv. Inventories**

Inventories held for consumption are recorded at the lower of cost and replacement cost.

**v. Cultural and Historical Tangible Capital Assets**

Works of art for display are not recorded as tangible capital assets but are disclosed.

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**2. CASH**

	<u>2019</u>	<u>2018</u>
Cash	\$ <u>10,095,211</u>	\$ <u>6,071,777</u>

The Town earns interest on its account deposits at rates between prime rate less 1.9% and prime rate less 1.55% as well as at 2.5%. All deposits are highly liquid and redeemable within 90 days or less.

The Town received certain Alberta Government grants, local municipal grants and donations that are restricted in their use and are to be utilized as funding for certain projects. Since certain projects have not been completed for which this restricted funding has been received, \$17,456 (2018 - \$9,267) of the cash and temporary investments are not available for general use by the Town.

Of the cash and temporary investments \$225,426 (2018 - \$467,101) is considered restricted cash and not available for general use as it relates to deposits received.

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**3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Current taxes and grants in place taxes	\$ 189,479	\$ 185,705
Arrears taxes	<u>137,335</u>	<u>182,296</u>
	326,814	368,001
Less: allowance for doubtful accounts		<u>(73,777)</u>
	<u>\$ 326,814</u>	<u>\$ 294,224</u>

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**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**4. INVESTMENTS**

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Other institutional and private corporation bonds	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          10</u>	\$ <u>          10</u>

**5. LOANS RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Private corporation mortgage receivable	\$ 628,000	\$ 1,884,000
Private corporation off site levies receivable	<u>163,857</u>	<u>          </u>
	\$ <u>791,857</u>	\$ <u>1,884,000</u>

During the 2018 fiscal year the Town sold property to a private corporation in exchange for cash and a vendor takeback mortgage. The corporation will repay the Town the final instalment of \$628,000 on February 1, 2020.

During the year the Town made an agreement with a private corporation to defer the payment of off-site levies over a five year period.

**6. DEPOSIT LIABILITIES**

In addition to utility deposits of \$24,715 (\$25,635 - 2018) and damage deposits of \$22,711 (\$16,490 - 2018), the Town receives water servicing deposits, grade slip deposits and other deposits from developers which are refunded once the water service and/or the development has been inspected and approved. The amount of the developer deposits on hand at the end of the year is \$178,000 (\$424,976 - 2018).



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**7. DEFERRED REVENUE**

	<u>2019</u>	<u>2018</u>
Federal Gas Tax Fund	\$ 898,021	\$ 524,215
Alberta Municipal Sustainability Initiative Program	216,696	
Alberta Healthy Communities Initiative	10,000	
Alberta Road Safety Program	<u>7,456</u>	<u>9,267</u>
	<u>\$ 1,132,173</u>	<u>\$ 533,482</u>

**Federal Gas Tax Fund**

Federal and provincial government funding was considered receivable in the current year to undertake certain eligible environmentally sustainable projects within the Town that have not yet been expended.

**Alberta Municipal Sustainability Initiative Program**

Provincial government funding was received or considered receivable in the current year to undertake certain eligible project expenses within the Town that have not yet been expended.

**Alberta Healthy Communities Initiative**

Funding was received from Alberta Health Services in the current year to create supports in the community to create healthy environments

**Alberta Road Safety Program**

Provincial government funding was received in the current year to undertake a road safety program for which the amounts have not yet been expended.

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**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**8. LONG TERM DEBT**

	<u>2019</u>	<u>2018</u>
Tax supported debentures	\$ 8,929,527	\$ 4,285,476
Obligations under capital leases	<u>7,569</u>	<u>40,474</u>
	<u>\$ 8,937,096</u>	<u>\$ 4,325,950</u>

The current portion of the long-term debt amounts to \$468,182 (2018 - \$296,034)

Principal and interest repayments are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 468,182	\$ 258,024	\$ 726,206
2021	474,186	244,396	718,582
2022	488,159	230,423	718,582
2023	502,543	216,039	718,582
2024	517,352	201,230	718,582
Thereafter	<u>6,486,674</u>	<u>1,227,666</u>	<u>7,714,340</u>
	<u>\$ 8,937,096</u>	<u>\$ 2,377,778</u>	<u>\$ 11,314,874</u>

Debenture debt is repayable to the Alberta Capital Finance Authority and bears interest at 2.922% and 2.93% per annum and matures in 2032 and 2039.

Debenture debt is issued on the credit and security of the Town at large.

Obligation under capital lease is repayable in monthly blended instalments of \$1,881 interest at 3.47% and matures in May 2020. The obligations under capital lease are secured by certain capital equipment.

Interest on long-term debt amounted to \$239,242 (2018 - \$132,528).

The Town's total cash payments for interest in 2019 were \$197,429 (2018 - \$132,201).



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**9. DEBT LIMITS**

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Town be disclosed as follows:

	<u>2019</u>	<u>2018</u>
Total debt limit	\$ 11,488,374	\$ 15,359,822
Total debt	<u>8,937,096</u>	<u>4,325,950</u>
Amount of debit limit unused	<u>\$ 2,551,278</u>	<u>\$ 11,033,872</u>
Debt servicing limit	\$ 1,914,729	\$ 2,559,970
Debt servicing	<u>726,206</u>	<u>421,122</u>
Amount of debt servicing limit unused	<u>\$ 1,188,523</u>	<u>\$ 2,138,848</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities that could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

**10. EQUITY IN TANGIBLE CAPITAL ASSETS**

	<u>2019</u>	<u>2018</u>
Tangible capital assets	\$ 64,083,321	\$ 58,129,992
Accumulated amortization	(21,787,539)	(20,501,608)
Long-term debt (Note 8)	<u>(8,937,096)</u>	<u>(4,325,950)</u>
	<u>\$ 33,358,686</u>	<u>\$ 33,302,434</u>





**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**11.ACCUMULATED SURPLUS**

	<u>2019</u>	<u>2018</u>
Accumulated surplus	\$ 3,047,688	\$ 103,057
Restricted surplus:		
Operating		
Common services	60,000	60,000
Family and community support services	27,300	27,300
Capital:		
Protective services	12,476	12,476
Common services	60,000	60,000
Roadways	1,206,345	1,206,345
Water	140,226	140,226
Wastewater treatment and disposal	1,127,100	1,127,100
Cemetery	25,299	25,299
Subdivision	1,964,064	1,858,057
Parks and recreation	288,439	288,439
Highway 2A beautification	10,000	10,000
Railway street revitalization	3,014,400	3,014,400
Equity in tangible capital assets	<u>33,358,686</u>	<u>33,302,434</u>
	<u>\$ 44,342,023</u>	<u>\$ 41,235,133</u>

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**12.SEGMENTED DISCLOSURE**

The Town of Crossfield provides a range of services to its ratepayers. For each reported segment, revenues and expenses represents both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with the followed in the preparation of the financial statements as disclosed in Note 1.

Refer to Schedule of Segmented Disclosure (Schedule 6)

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**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**13. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the 2019 operating and capital budgets approved by Council. The chart below reconciles the approved budget to the budget figures reported in these financial statements.

	<u><b>Budget Amount</b></u>
<b>Revenue</b>	
Operating budget	\$ 7,070,196
Capital budget	1,271,902
Less	
Transfer to other funds	<u>(1,271,902)</u>
Total revenues	<u>7,070,196</u>
<b>Expenses</b>	
Operating budget	7,899,026
Capital budget	3,202,500
Less:	
Transfer to other funds	(170)
Capital expenses	(3,202,500)
Debt principal payments	<u>(355,950)</u>
Total expenses	<u>7,542,906</u>
<b>Excess (shortfall) of revenue over expenses</b>	<u><u>\$ (472,710)</u></u>

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**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**14. SALARY AND BENEFITS**

Disclosure of salaries and benefits for municipal officials, the chief administrative officer and designated officers as required by Alberta Regulation 313/2000 is as follows:

	<b>2019</b>			<b>2018</b>
	<u>Salary</u>	<u>Benefits &amp; allowances</u>	<u>Total</u>	<u>Total</u>
Councillors:				
Mayor Tennant	\$ 14,425	\$ 553	\$ 14,978	\$ 15,097
Councillor Gabriel	13,231	496	13,727	11,897
Councillor Grace	13,760	523	14,283	12,760
Councillor Helfrich	10,261	345	10,606	16,340
Councillor Price	11,961	432	12,393	11,234
Chief Administrative Officer	159,682	25,422	185,104	181,355

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.

2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

**15. LOCAL AUTHORITIES PENSION PLAN**

Employees of the Town participate in the Local Authorities Pension Plan (LAPP) which is one of the plans covered by the Public Sector Pension Plans Act. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Town is required to make current service contributions to the LAPP of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 13.84% on pensionable earnings above this amount.

Total current service contributions by the Town to the LAPP in 2019 were \$137,731 (2018 - \$123,754). Total current service contributions by the employees of the Town to the Local Authorities Pension Plan in 2019 were \$124,420 (2018 - \$112,801).

At December 31, 2018, the LAPP disclosed an actuarial surplus of \$3.47 billion. This amount is not specifically allocated to the participating government organizations. The 2019 actuarial balance was not available at the date these financial statements were released.



**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**16.COMMITMENTS**

During the year the Town received debenture proceeds in the amount of \$5,000,000. These funds will be utilized to partially fund a major infrastructure project planned for 2020.

In 2019 the Town extended the lease agreement with the Crossfield United Church to lease certain property which is owned by the church and where the Town Administration office and Council Chambers are situated for an additional 2 years. The lease can be terminated by either party with 6 months notice.

The Town is a member of the The Mountain View Regional Water Services Commission which was constituted under the Municipal Government Act in 1992.

In 2014 the Town entered into a regional fire services agreement with the Municipal District of Rocky View No. 44 to provide such services in a certain specified area. The agreement will remain in force until December 31, 2019 or may be terminated by either party with six months notice. The Municipal District of Rocky View No. 44 will pay the Town a semi-annual flat fee as outlined in the agreement.

In 2019 the Town entered into a 5 year lease agreement with the Collicutt Siding Golf Club to lease certain lands that the Town owns and where the golf club is situated. The annual lease payment is \$20,000, will be adjusted for inflation in 2021.

In 2010 certain property was annexed by the Town of Crossfield from The Municipal District of Rocky View No. 44. Under the annexation agreement the Town is required to pay annual payments of \$36,000 over a period of 10 years. The amount has been included as a payable to other governments in the financial statements.

The Town has entered into lease agreements with Kubota Canada Ltd. to rent certain equipment assets in use at the Town. The aggregate future minimum lease payments are \$29,987 (2018 - \$53,361). The minimum lease payments for each of the three succeeding years are as follows:

	<u>2019</u>	<u>2018</u>
Gross payments required in the first year subsequent	\$ 21,669	\$ 23,374
Gross payments required in the second year subsequent	8,318	21,669
Gross payments required in the third year subsequent	<u>          </u>	<u>8,318</u>
	<u>\$ 29,987</u>	<u>\$ 53,361</u>

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**17.CONTINGENCIES**

The Town is a member of the Alberta Local Authorities Reciprocal Insurance Exchange. Under the terms of membership, the Town could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

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**TOWN OF CROSSFIELD**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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**18. FINANCIAL INSTRUMENTS**

The Town's financial instruments consist of cash and temporary investments, accounts receivable, investments, accounts payable and accrued liabilities, and long-term debt. It is management's opinion that the Town is not exposed to significant interest or currency risks arising from these financial instruments.

The Town is subject to credit risk with respect to taxes and grants in place of taxes receivables and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Town provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the carrying value of the financial instrument approximates fair value.

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**19. PRIOR PERIOD ADJUSTMENTS**

The prior period financial statements have been restated to correct payables to other governments. As a result of the adjustment payables to other governments has decreased by \$27,894, interest expense has decreased by \$2,274 and accumulated surplus has increased by \$25,620.

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**20. SUBSEQUENT EVENTS**

In March 2020, the World Health organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving and the measures put in place are having multiple impacts on local, provincial, national and global economies. The overall effect of these events on the Town and its operations is unknown at this time. The impacts will be accounted for when they are known and may be assessed.

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**21. BUDGET AMOUNTS**

The 2019 budget for the Town was approved by council and has been reported in the financial statement for information purposes only. These budget amounts have not been audited, reviewed, or otherwise verified.

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**22. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

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**23. APPROVAL OF FINANCIAL STATEMENTS**

Council and management have approved these financial statements.

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